



The City of Arlington

Health Savings Account Presentation

This is a year of new choices

- All choices are designed to enhance – NOT reduce – the benefits program

You will still have the three medical options you have now:

- Choice Core
- Choice Plus
- Choice Premium

The City of Arlington is adding a fourth medical option – The Value Plan (HSA Plan)

Why are we continuing to have problems with national health care costs?

- Litany list of usual suspects
 - Prescription Drugs
 - State and Federal Mandates
 - Increased Demand
 - General Inflation
 - Litigation
 - Cost Shifting – Uninsured
 - Third Party Reimbursement
 - Graying of America

Why are we continuing to have problems with health care costs?

- Buying patterns by consumers – they're not terribly efficient
 - Knowledge of health care costs
 - Knowledge of where to find best providers with best outcomes
- The end result
 - Users believe that if they pay more they will get more
 - The newest is the best
 - Most people don't care a whole lot – it's only a co-pay.....
- Majority of people (73%) either find out after care is given or NEVER find out how much their health care costs
- Co-pays have tended to shield the cost of care

Product/Service	Consumer Perceptions	Actual Cost	Difference	Percent Difference
One hour of plumbers service for basic repairs	\$76	\$65	\$11	17%
Round trip airline ticket from New York to Los Angeles (Coach)	\$514	\$477	\$37	8%
A new Honda Accord	\$21,200	\$21,500	-\$300	1%

Product/Service	Consumer Perceptions	Actual Cost	Difference	Percent Difference
Routine Doctors Office Visit	\$98	\$139	-\$41	29%
An Emergency Room Visit	\$622	\$500	\$122	24%
An average four (4) day inpatient hospital stay	\$6,400	\$14,500	-\$8,100	56%

Why add the Value Plan option?

- Although costs at The City of Arlington were relatively stable this year, medical costs nationally continue to climb
- Our existing plans can only go so far in controlling costs long term
- HSA plans have shown to be able to hold down costs better over the more traditional type HMO and PPO plans

What is a Health Savings Account (HSA)

- Developed with Drug Improvement and Modernization Act
- Governed by IRC 223
- Establish a “high deductible” medical plan
- Employee can set up medical “IRA” for eligible medical expenses
 - Section 213(d)

Benefits to HSA

- Have a medical plan paired with a separately owned bank account
- Contributions done via payroll will go into your account PRE-TAX
- Account growth is tax-exempt
- Distributions tax-exempt when used for Qualified Medical Expenses (QMEs)
- If you have surplus amounts in your HSA at age 65 can withdraw funds much like traditional IRA
 - Money withdrawn for non-medical purposes will be taxed as ordinary income with no penalty

The Value Plan

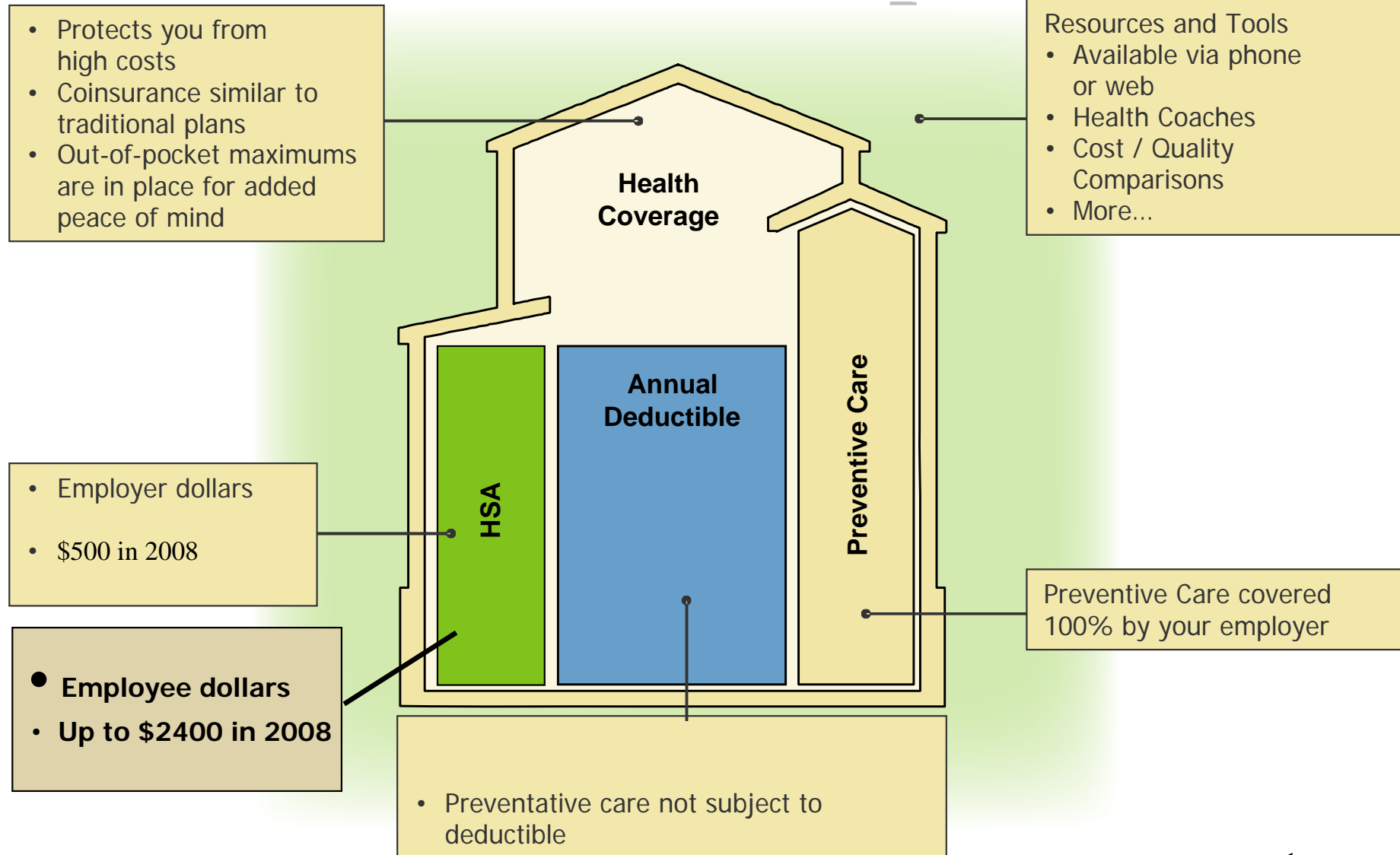
- When you need medical care, you may use the Health Savings Account (HSA) to assist in paying your deductible and other medical expenses
 - In 2008 the City of Arlington will contribute \$500 into your HSA bank account
 - You can add additional funds to the HSA with pre-tax dollars
 - Preventative Care does not come from the HSA – paid for 100%
 - Can use the dollars for medical care or allow your account balance to grow tax deferred
- Lowest premium of the four options
- Co-insurance after the deductible is 10% versus 20% on the other plans
- Medical and pharmacy costs are combined to meet the deductible per IRS regulations

What is maximum you can put into the Value HSA in 2008

- Maximum contribution to HSA is \$2,900/\$5,800 (individual/families) for 2008 – Including contribution by The City of Arlington
- Catch up provision for those over age 55 of \$900 in 2008 (adjusted for COLI each year)
- Contributions by you and The City of Arlington are always 100% vested (owned) by you
- Out-of-pocket Value Plan maximums in 2008 of \$5,000/\$10,000 including deductibles – In network

Annual Deductible Health Plan

The HSA Plan Components



Plan Benefit Comparisons (1)

Benefits	Choice Core (1)	Choice Plus (1)	Premium (1)	Value Plan (1)
Office Services Primary Care Specialist	Deductible then 20% Deductible then 20%	Deductible then 20% Deductible then 20%	\$25 Copay (1) \$35 Copay (1)	Deductible then 10% Deductible then 10%
Other Co-pays Inpatient Per Conf. Emergency Services	Deductible then 20% Deductible then 20%	Deductible then 20% Deductible then 20%	\$200 Copay then 20% \$100 then 20%	Deductible then 10% Deductible then 10%
Deductible (individual/family)	\$1,000/\$2,000	\$500/\$1,000	\$0/\$0	\$1,500/3,000

(1) Coinsurance and/or copay reflected as member responsibility

Plan Benefit Comparisons (1)

Benefits	Choice Core	Choice Plus	Premium	Value Plan
Employee Out-of-pocket maximum cost not including ded/copays (individual/family)	\$4,000/\$8,000	\$2,500/\$5,000	\$1,000/\$2,000	\$5000/\$10,000
Pharmacy (3)	10% - Tier 1 20%- Tier 2 35% - Tier 3 50% - Tier 4	10% - Tier 1 20%- Tier 2 35% - Tier 3 50% - Tier 4	10% - Tier 1 20%- Tier 2 35% - Tier 3 50% - Tier 4	Deductible/Coinsurance
Flexible Benefits Benefits Contribution for 2008	\$250 Single \$500 Family	\$125 Single \$250 Family		
Health Savings Account Amount Provided by The City	N/A	N/A	N/A	\$500

(1) Coinsurance and/or copay reflected as member responsibility

How The Value Plan Works – Real World

Example A – Core Versus Value Single Coverage

- \$750 in medical claims in 2008
 - \$400 – office visits
 - \$350 – pharmacy – all tier 2

	Core Plan	Value Plan	Difference
Premiums	\$334.80	0.00	
City Contribution	\$250.00	\$500.00	
Deductible	\$1000.00	\$1500.00	
Office Visits	\$400.00	\$400.00	
Pharmacy	\$70.00	\$350.00	
Total Expenses	554.80	\$250.00	304.80

How The Value Plan Works – Real World

Example B – Core Versus Value Single Coverage

- \$2,500 in medical claims in 2008
 - \$1,700 emergency room
 - \$800 pharmacy – all tier 3

	Core Plan	Value Plan	Difference
Premiums	\$334.80	0.00	
City Contribution	\$250.00	\$500.00	
Deductible	\$1000.00	\$1500.00	
Emergency Room	\$1140.00	\$1520.00	
Pharmacy	\$280.00	\$80.00	
Total Expenses	\$1504.60	\$1100.00	404.80

How The Value Plan Works – Real World

Example C – Core Versus Value Family Coverage

- \$20,000 in medical claims in 2008
- \$800 pharmacy – all tier 3

	Core Plan	Value Plan	Difference
Premiums	\$2394.00	\$862.20	
City Contribution	\$500.00	\$500.00	
Deductible	\$2000.00	\$3000.00	
Max OOP	\$8000.00	\$10,000.00	
Medical Claims	\$10,000.00	\$10,000.00	
Pharmacy	\$280.00	0.00	
Total Expenses	\$12,174.00	\$10,362.20	\$1811.80
FSA/HSA	\$5000.00	\$5300.00	

Positives to HSA

- Premiums are less than other plans
- The City gives you a \$500 first dollar benefit for 2008 into your HSA bank account
- Any dollars in your account
 - You own
 - If you do not use, carryover year to year for future use and asset grow tax deferred
 - The dollars you contribute are tax exempt
 - Portable to other employers plans
 - Dollars in your account at age 65 become retirement funds
- Will require you to be more proactive in the receipt of your health care – become more involved
- Out of pocket costs may be less than the Core plan
 - Premiums, Deductible, Coinsurance, Out of Pocket, City Contribution

Negatives to HSA

- Out of pocket expenses may be higher, especially compared to the Premium plan
- Neither you or spouse can use flexible benefits plan (FSA) for medical expenses
 - Flexible Benefits for dental and vision is okay
 - Government will catch you when you file your taxes
 - No other medical plan coverage applies only to the Value Plan
- Cannot be a Medicare participant

Finally –

- Weigh what you think/know your medical expenses to be
 - Think about if you need a little or a lot of coverage
 - Use the treatment cost estimator
 - www.unitedhealthcareonline.com
- Balance expenses and premiums of each plan
 - Premium savings can outweigh medical out-of-pocket expenses, especially with the HSA Account

- **Benefits of using www.myuhc.com**
 - Access to eligibility and claims information online.
 - Provide access to personal health well being information.
 - Order ID Cards.
 - Online provider information
 - More important than ever – regardless of plan chosen – to watch over medical costs
- **Newly redesigned Myuhc.com**
 - How to price medications
 - How to chat with an online nurse
 - How to find physicians
 - How to Estimate your Healthcare Costs



Exante's HSA

Exante Bank is providing account holders more choice when it comes to their HSA. Our new account options lets employees customize an account to accommodate their spending habits and saving needs.

Health eSaver — Exante’s “legacy” HSA is available for the consumer who wants to use their account as a savings vehicle yet have funds available when they need to access them

- Standard \$3 monthly maintenance fee
- Interest rate is tiered according to account balance
- Investments are free and available when account balance reaches \$2,000
- Standard investment portfolio offering (currently 8 funds)



Distributions

Easy Access to Funds

Maximizing electronic card technology

- MasterCard® branded debit card (United Health Savings Account Card)
- Available for use at Point-of-Service with Signature and PIN
- Withdraw cash at ATM to replenish funds paid out-of-pocket
- Additional cards in spouse or dependent's name available
- 90% of all transactions are made via debit card

Other payment options

- Online Bill Payment (pay the provider, pay yourself)
- Checks (available – book of 25 for \$10)
- Wire or ACH transfer

Getting health care right...Together



The following funds are currently available. We review our fund selection periodically to ensure competitive returns. Because we are not beholden to any particular fund company, we are free to choose high-performing funds in each category.

Fund Name	Ticker Symbol	Brief Description
John Hancock Classic Value	PZFVX	Large Cap Value
Vanguard Wellington	VWELX	Balanced
Neuberger Berman Fasciano	NBFSX	Small Cap
Vanguard Global Equity	VHGEX	International
Vanguard S&P 500 Index	VFINX	Index
John Hancock High-Yield A	JHHBX	High-Yield Bond
PIMCO Real Return Fund	PRTNX	Fixed Income
John Hancock Money Market	JHMXX	Money Market



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Chris Johnson

Doctor: Dr. Anderson
Plan Name: ABC Plan A
Group #: 111111
Member #: 789-123-4567



Hello Chris

What would you like to do today?


View My Claims


Look Up My Benefits


Find a Doctor


Refill a Prescription


View Online Statement


Account Balances


Estimate Health Care Costs


Rewards for Action


Print an ID Card


Look Up Health Topics


Information Center


Live Nurse Chat

My Coverage

[Details](#)

Deductible
\$300 individual
\$600 family

Out-of-Pocket Max
\$500 individual
\$1,000 family

[View All](#)


Live Nurse Chat

Information Center
[Introducing the New Health Statement](#)
[Is it normal memory loss or Alzheimer's?](#)

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Claims & Accounts

- **Account Balances**
- Medical Claim Summary
- Health Reimbursement Account
- Health Savings Account
- Flexible Spending Account(s)
- View Statements

Other Claims

- Prescription Claims
- Dental Claims
- Vision Claims
- Mental Health Claims

Member Actions

- Submit a Claim
- Appeal a Claim
- Automatic Payment Options

Account Balances

Description	Plan Year	Initial Amount	Applied Amount	Remaining Amount
Health Reimbursement Account (HRA)	03/01/2007-03/01/2008 <small>< Previous plan year</small>	*\$600.00	\$450.00	\$150.00
Healthcare Flexible Spending Account (FSA)	03/01/2007-03/01/2008 <small>< Previous plan year</small>	\$2,000.00	\$502.00	\$1,498.00
Dependent Care Flexible Spending Account (FSA)	03/01/2007-03/01/2008 <small>< Previous plan year</small>	\$2,400.00	\$400.00	\$2,000.00
Health Savings Account (HSA)	03/01/2007-03/01/2008	\$422.00	N/A	\$180.00

* Includes \$100 rolled over from prior plan year.

Benefit Amount Tracking

Description	Applied
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Also See

- [Look up medical benefits](#)
- [View personal health record](#)

Common Questions [more](#)

- [What do I do if I have a question about my account balance?](#)
- [How can I see my medical history?](#)

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Health & Wellness

Claims & Accounts

Account Balances

Medical Claim Summary

Health Reimbursement Account

Health Savings Account

Flexible Spending Account(s)

View Statements

Other Claims

Prescription Claims

Dental Claims

Vision Claims

Mental Health Claims

Member Actions

Submit a Claim

Appeal a Claim

Automatic Payment Options

Health Savings Account (HSA) Summary

Plan Year: 3/1/2007 - current

HSA Year to Date Balances

Description	Amount
Initial Amount	\$0.00
Applied Amount	\$1,782.00
Remaining Amount	\$1,782.00
Investment Amount	\$42.50
Total HSA Amount	\$1,824.50

view all transaction history

view account summary

view investment details

Also See

Learn about Health Savings Accounts

View personal health record

Look up medical benefits

Common Questions

more

How can I reduce paperwork?

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MFA Enrollment



Set Security Data

Information

Protecting your personal information is important to us, please take a few minutes to complete some additional security data. The image below will appear each time you logon on to Internet Banking. If you do not see the image, exit immediately.

Contact Information

Enter E-mail Address: aaron.bauman@fiserv.com

Image and Phrase

Authentication Image:



Authentication Pass Phrase: My mouse

Challenge Questions and Answers

Challenge Question 1: What is your father's middle name?

Answer: John

Challenge Question 2: What is your favorite movie?

Answer: Twister

Challenge Question 3: What was the model of your first car?

Answer: Ford

Select One of the Following Options:
☒ This is a Personal Computer. Register It.
☐ This is a Public Computer. Do Not Register It.

All Fields Are Required And Must Be Alphanumeric.

Submit

Standard Log In

UnitedHealthcare[®]
Healing health care. Together.™



Log In

Please enter requested information. (Case sensitive)

Authentication Image:



My mouse

Password:

Submit

The image and phrase assure the customer they are on the bank's valid web site.

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Account Summary Screen

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DefinitySM Health Savings Account

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List of accounts for GEORGE JOHNSON as of February 08, 2007.

Date Last Log In: February 07, 2007 04:31:00 PM

Deposits					
Number	Account	Nickname	Current Balance	Available Balance	
220183	HEALTH SAVINGS		349.59	349.59	
222453	HEALTH SAVINGS	Transfer Account	.00	.00	
Total Deposits:			349.59	349.59	

List of Brokerage accounts for George Johnson as of February 08, 2007.

89983200	Primary	Cash Trade Date Balance	7,500.00
		Cash Market Value Balance	3,626.56
		Money Fund Balance	803.64
		Margin Trade Date Balance	5,287.50
		Margin Market Value Balance	2,962.51
		Short Trade Date Balance	0.00
		Short Market Value Balance	0.00

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The Tax Man Cometh Reporting

Employee Tax Reporting

- **Account holders will be required to file Form 8889 with their annual 1040**
- **Exante will send annual tax reporting to the account holder and the IRS to assist with this filing**
 - **Annual Form 1099SA**
 - Reports distributions (Sent to account holder and IRS) Sent by January 31
 - **Annual Form 5498SA**
 - Reports contributions (Sent to account holder and IRS) sent by May 31
- **Contribution information also available:**
 - Online (via myuhc.com). Can View account history as well on monthly statement)
 - Provided by employer on employee's W-2. Will show in Box 12 any employer contributions as well as employee pre-tax contributions which should be reported as **employer** contributions for tax purposes on Form 8889



Thank you for your time!